



Innovative Acquisition Decision Diagram

*Supporting the White House/OSTP Innovative Contracting
Case Studies for IT Acquisition Services*

Overview

- This decision diagram has been created as a tool for those who want a simpler, more targeted way to review the Case Studies and find a path forward for their own acquisition.
- Initial diagram will be iterated upon with user feedback
 - Future plans for enhancements include:
 - Providing click-through links for each area of the diagram with:
 - Lessons Learned and Potential Pitfalls;
 - Templates; Samples; and Best Practices
 - Pros and Cons for each contract method;
 - Case Studies for each contract method;
 - Frequently Asked Questions (FAQ's); &
 - And much more to assist acquisition stakeholders
 - Potentially, a Decision Wizard in lieu of a diagram
- Three categories are shown at the top of diagram to help orient users to the information.
 - Objective/Need Development for IT Service Acquisitions
 - Decision Analysis (Guiding stakeholders to appropriate Contract Methods)
 - Important Implications to Consider



Category One: Objective/Need Development for IT Service Acquisition

- End Users/Program Manager
 - End users determines the need and should form an advisory group to assist them – the Acquisition Advisory Team (AAT)
- Acquisition Advisory Team
 - Comprised of various subject matter experts (SME's)
 - Procurement, Legal, Finance, Policy, IT, and others
- Market Research
 - Better performed by diverse groups rather than one or two.
 - Markets always evolve, thus the need for SME's to share information early and often to find the best solution for a given need or problem.

Category Two: Decision Analysis (Guiding stakeholders to Contract Methods)

- Decision Matrix
 - Allows AAT to make decisions, leading them to potential innovative contract methods they can choose to use.
- Contract Methods
 - Scaling Proven Solutions
 - **Staged Contracts**
 - Allows agencies to identify potential candidates based on a short concept paper to identify those vendors who are most likely to receive an award and help offerors that are less likely to receive an award avoid the cost of developing a detailed proposal.
 - Follows a three-phase evaluation process consisting of:
 - A short concept paper,
 - Invite-only full proposal, and
 - Subsequent pilot evaluation.
 - Should be used for rapid, inexpensive assessment of many existing or prototype private-sector technologies.
 - Lets agencies sample the diverse technology landscape for potential solutions.



- Concept papers allow Broad Agency Announcement (BAA) respondents to communicate the essence of their proposal without expending undue time and effort.
- Reduce administrative burden for offerors and agencies.
- Testing Innovative Solutions
 - **Challenge-Based Acquisition Contracts**
 - Designed to test the market and pay only for a successful solution, but is geared towards projects where solutions are likely to already exist (as opposed to having to be developed)
 - Requires the agency to express its needs/requirements in terms of general capabilities rather than firm specifications and for industry to respond with innovative solutions.
 - Agency communicates needs to private sector, presents challenges in order to assess the viability of the solution, and therefore encourages the creation of innovative products.
 - Determine the user's need and decompose complex requirements.
 - Communicate user experience and needs to industry.
 - **Rapid Technology Prototyping Contracts**
 - Involves issuance of several contracts for small, low dollar value prototypes to be built within a short period of time (e.g., several months) and then tested in a relevant demonstration scenario to assess the viability of each prior to making a substantial investment.
 - Multiple, small, fast, and cheap acquisitions to "try out" innovative technologies.
 - Companies develop prototypes applying the new technology to relevant demonstration scenarios within a defined timeframe.
 - Used for rapid, inexpensive assessment of many cutting-edge, unproven, but potentially transformative technologies.
 - Substantial innovation gains are often accompanied by substantial trial and error on big ideas.
- Discovering Novel Solutions
 - **Milestone-Based Contracts**



- Allows agencies to enter into contractual relationships with a qualified pool of contractors and issue task orders for a series of clear, technically feasible milestones, each with an assigned deadline and monetary value.
 - Promotes competition among a stable pool of selected offerors across a series of clear, technically feasible milestones, with payment withheld until the associated, agreed-to milestone is completed.
 - Government (when crafting the Solicitation) establishes a series of milestones, each with:
 - Well-defined requirements,
 - Deadlines, and
 - Assigned monetary values.
 - Should be used by the Government to attract businesses with innovative approaches to well-defined, multi-component problems.
- **Incentive Prize Tools (Challenges)**
- Uses new authorities in the COMPETES Act enabling an agency to run contests where the winner receives a prize for developing a viable solution to solve a government need.
 - Uses authority outside of the Federal Acquisition Regulation (FAR) to test the market, it can help an agency reach beyond traditional contractors and increase the number of entities working to tackle a problem.
 - Offers reward upon completion of a specific objective task.
 - Pay only for success,
 - Establish an ambitious goal, and
 - Reach beyond the “usual suspects” to increase the number of minds tackling a problem without having to predict which team or approach is most likely to succeed.
 - Many well-known incentive prizes have focused on catalyzing technology R&D, though prize administrators are increasingly using incentive prizes to drive behavior change, market adoption of existing solutions and interventions, and progress in areas of social policy such as health, energy use, and education.



- **Crowdsourcing Websites**

- Many crowdsourcing websites enable users to source solutions quickly and effectively, and can be paid for with a purchase card given their low dollar amounts.

Category Three: Important Implications to Consider

- Three (3) column explanation and why it's included?
- It's important to consider how the different methodologies and their usage are guided by federal and resource constraints, which is why this section is included here. A better educated acquisition advisory team should be aware of all constraints and variables.
 - Time to Complete Entire Acquisition
 - This goes hand-in-hand with Federal Appropriations Law
 - Federal Appropriations Law (generally)
 - Certain contract methods, timelines, and milestones are impacted by appropriations law.
 - Late 3rd and 4th quarter decisions almost always dictate which methods can be used since some take longer than others and require more than one-year funding.
 - Best Implementation Process
 - Implementation of the acquisition is equally as important as any other aspect, including procurement.
 - Acronym breakdown of FIST/FIRE methods that ignite innovation
 - FIST = Fast, Inexpensive, Simple, and Tiny
 - FIRE = Fast, Inexpensive, Restrained, and Elegant